THE HON'BLE SRI JUSTICE GODA RAGHURAM

W.P.No. 8096 of 2007

19-04-2007

Between:-

M/s. Fidelity Systems
(A partnership concern),
East Maredpally, Secunderabad
Rep., by its partner Mr. C.V. Ramana
and three others.

Petitioners

And

State Bank of India,
Rep., by its Asst. General Manager,
Nacharam Industrial Area,
Nacharam, Hyderabad.

Respondents

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W.P.No. 8096 of 2007

Oral order:

Some of the petitioners had obtained a loan and the others have furnished guarantees for the loan. There was default in the repayment of the loan installments. The respondent issued a notice dated
17-02-2007 under Section 13 (2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interests Act, 2002 (for short 'the Act') intimating the petitioners that the outstanding liability to the respondent-bank is
Rs.34,51,298-71 as on 26-02-2001; that the petitioners are also liable to pay future interest at the contractual rate along with the aforesaid amount; and that if the payment is not made within the stipulated time, the respondent-bank

would exercise the rights available under Section 13 (4) of the Act. Assailing the notice, the writ petition is filed.

There is no basis for grant of any relief in this writ petition. The petitioners have a right to respond to the impugned notice and put forth their objections either to the quantum of liability or the very liability itself. On the petitioners' lodging objections within the stipulated time, the respondent-bank, as the secured creditor is obligated under the provisions of Section 13 (3)(a) of the Act to communicate its response on the objections lodged. Only thereafter is the respondent entitled to initiate proceedings under Section 13 (4) or Section 14 of the Act, as the case may be. As the petitioners have a right to lodge objections to the proceedings initiated under the provisions of the Act, and even if the respondent-bank rejects the objections urged by the petitioners and initiate proceedings under Sections 13 (4) of the Act, the petitioners have a remedy by way of an appeal to the Debt Recovery Tribunal under Section 17 of the Act, no case is made out for interference under Article 226 of the Constitution of India.

The writ petition is accordingly dismissed. The petitioners are however at liberty to pursue the appropriate available remedies under law. No costs

GODA RAGHURAM, J

Dated:19-04-2007

Pvks/*